



*Mr. Tolmas Wong,
MAppFin, CFA, CFP*

Message from Director Singapore's REITs on takeoff

REIT incentives to spur growth

The real estate investment trusts (REITs) sector stands to benefit from the latest measures in the 2005 Budget which was unveiled by PM Lee Hsien Loong on 18 Feb. The government will waive the 3% stamp duty for the transfer of Singapore properties to listed REITs or REITs to be listed for 5 years. The withholding tax on trust distributions for foreign investors will also be reduced from 20% to 10% for 5 years.

The waiver of stamp duty will enhance the incentives for asset-rich companies to securitise their investment properties or enable existing REITs to buy property assets at a cheaper rate. The implications are expected to be significant to big property tycoons like the Kwek family who controlled the Hong Leong/City Development group of companies, the Kuok family who controlled the Allgreen group, and the Wee family who controlled the UOB/UOL/UIC group of companies, as well as the Temasek-owned Mapletree Investments. The Mapletree REIT IPO is slated to be launched in 2005 and expected to raise about \$500m.

Great expectations are evidenced in comments by Mr. Yu Lai Boon, managing director of Jones Lang LaSalle that 'These changes will enrich the pool of yield-accretive properties that can be sold to REITs, passing on the savings to investors potentially & narrow the transaction price gap between sellers of REIT-able properties & REIT managers'.

However, the fundamental issues of asset quality, rental structure and yield levels are still paramount in determining whether their assets are suitable for securitising into REITs.

Distribution from REITs are exempted from Singapore tax for all individual investors, provided that the REITs are held as investments, not held as trading assets. The reduction in withholding tax is likely to boost the attractions of Singapore REITs (S-REITs) to foreign corporate investors and pension funds, providing them an alternative defensive yield play to the low yielding deposits and enhancing risk-adjusted returns.

Are yields sustainable?

Since debut, the 5 REIT listings in Singapore have proven to be popular with investors seeking regular, stable income and higher yields. The S-REIT market is less than 3 years old but prices of listed REITs have generally increased in tandem with growth in distribution per unit. Though the yields have compressed from 270 basis points since inception to about 150 basis points over the 10-year government bond yield, it tends to reflect the recovery of investors' confidence in the Singapore property market which has fallen since 1997 and appeared to be stabilised in 2004. On a relative basis, it is still higher than the average spread between the US REIT yields and the US 10 year government bonds.

Table 1: S-REITs

	FY	Price @11/3	Mkt Cap	DPU(2005E)	Current Yield	1-year Total return*
AREIT	Mar	S\$1.93	S\$2.2b	9.3 ct	4.8%	+59%
CapitaMall	Dec	S\$2.00	S\$2.4b	9.5 ct	4.8%	+44%
CapitaCom	Dec	S\$1.48	S\$1.2b	6.4 ct	4.3%	NA
FORTUNE	Dec	HK \$6.65	HK\$3.1b	HK 33.0 ct	5.0%	+40%
SUNTEC	Sep	S\$1.28	S\$1.6b	6.1 ct	4.7%	NA

Source: Bloomberg

A lesson to learn from the European REIT markets is to maintain a healthy balance between the supply and demand of properties which will in turn provide support to steady rentals and sustainable yields. Barring any imbalances in local demand and supply of properties, yields are likely to be sustained with higher occupancy rates, better tenant-mix, rental reversions and more asset acquisitions.

In the recent year, some S-REIT managers have already embarked on an acquisition program to achieve DPU accretion, increased liquidity, diversification and functionality. In 2004, Mapletree managed to acquire TIC Tech Centre, a logistics facility, in the open market for \$48m. The asset yielded >8% on an 89% occupancy rate. With an asset base of >\$1bn and market capitalisation of >\$2bn, AREIT & CapitaMall Trust have the greatest flexibility to acquire larger properties which previously would have been difficult to digest. Suntec REIT has a current occupancy rate of 81% and would enjoy higher operating leverage with new asset enhancement initiatives and improved occupancy.

Would rising interest rates hurt the REITs?

According to a research analysis by Deutsche Bank AG, there has been little correlation between US REITs and interest rates over time. US REITs have largely locked in their borrowings in fixed rates, and as the economic growth improves, there will be scope for revenue growth.

Similarly, we believe that the S-REITs would have taken a conservative exposure to rising interest rates. Most S-REITs have kept their gearing below 35% and sought to lock in borrowings on fixed rates via interest rate swaps.

Emergence of REITs as an asset class

In an uncertain world, REITs has the virtue of regular and steady income. The volatility of returns from REITs is observed to be lower than that of equities and the long term correlation of REITs with other asset classes has also been reported to be low. Ibbotson Associates, puts the correlation between REITs and long term bonds at 0.03 from 1993 to 2002!

With an aging investing population, the demand for REITs by baby boomers is expected to rise significantly towards their eventual retirement. The recent launches of global property funds have received strong reception from investors and reinforced the underlying demand for REITs. As an emerging asset class, REITs are expected to appeal to investors with a 3–5 years time horizon and low to moderate risk appetite.

However, investors have to note that REITs are considered a defensive play and tend not to perform well when equity markets are bullish.

Expanding into a regional REIT hub

It has been estimated by some experts that the market capitalisation of S-REITs could triple in 2 years from US\$5 billion currently. There are 3 new REITs expected to list in Singapore this year and include the Mapletree Logistics Trust & Centrepoint Properties, the property arm of F&N Group. One other possibility could be a spin-off from either the City Development or Keppel Land group.

Though the REITs incentives have generated a resounding applause, there are concerns that the limited size of landbank in Singapore will impose a restraint on the growth of local REITs. In the longer run, the REITs market cannot remain Singapore-centric and has to seek overseas acquisitions to augment their growth potential.

While Capitaland has taken the lead to set up joint ventures in HK, China and Malaysia to manage and acquire property assets overseas, Mapletree has also formed a joint venture with Malaysia's CIMB to develop real estate funds there.

In an interview with the Business Times, Mr. Chua Tiow Chye, CEO of Mapletree Logistics Trust Management, sees the need for further incentives to encourage S-REITs to invest overseas and be encouraged to repatriate income back home. There is also a need to attract more foreign REITs to be listed in here to make Singapore a major REIT hub but cross border tax issues could be a stumbling block and has to be adequately addressed.

Though for now Singapore leads East Asia in REITs, it remains to be seen whether the government could accommodate more changes to develop Singapore as a regional REIT hub. Competition is also expected to be intensified with Australia, Hong Kong and Malaysia taking a more active stance to develop their REIT markets.

References:

1. Deutsche Bank AG, REITS, Rates & Growth, Jun 11, 2004
2. The Edge Singapore, Feb 21, 2005
3. The Business Times, various reports in Jan–Feb 2005

Tolmas Wong

ASAF Director

Board Member of Singapore Society of Financial Analysts

Committee News

Education Committee News

In January 2005, the ASAF Education Committee approved the second phase of the action plan 'Implementation of an Exchange Scheme', which was distributed to all member societies. It is expected that ASAF member societies will take full advantage of the new scheme and use it to enhance their own education programs. The Secretariat would appreciate receiving the name of a contact person from each member society so that the scheme can get fully under way.

ACIIA® News

ACIIA® Potential Member — Securities Analysts Association, Chinese Taipei

Since the last ASAF Annual General Meeting, the Securities Analysts Association (SAA), Chinese Taipei, has exhibited strong interest in joining the ACIIA®, and, at its request, in February, ACIIA® Chairman Kiyoto Hagiwara and SAAJ staffs visited SAA, Chinese Taipei, to give an ACIIA/CIIA presentation to about 70 participants from banks, securities firms, investment advisory corporations, and the media. The mission also visited SFI (Securities and Futures Institute), the administrative body for 13 qualification examinations in Chinese Taipei and which would manage CIIA® exams for SAA, Chinese Taipei. The presentation was successful and the meetings fruitful, in what is seen as a first step toward membership.

CIIA® Exam: March 2005 Session

The CIIA® March exam session was successfully held on 4–5 March in Vienna, Paris, Frankfurt, Hong Kong, Hyderabad, Delhi, Ahmedabad, Kolkata, Mumbai, Chennai, Bangalore, Indore, Pune, Muscat, Milan, Tokyo, London, New York, Seoul, Luxembourg, Moscow, Madrid, Interlaken, Kiev, and Rio de Janeiro, catering to many candidates from 13 countries.

The autumn 2005 exam session is scheduled for 16 September in Africa, Europe, and North and South America, and 17 September in Asia.

ACIIA® Principles of Ethical Conduct: Your comments welcomed

The ACIIA has announced the launch of a public consultation period to obtain comments on its recently developed 'ACIIA Principles of Ethical Conduct'. The ACIIA Principles have been developed with the aim of forming a supra-

national policy vis-à-vis individual ACIIA member societies, and to stimulate further development of national standards towards ACIIA best practice.

In developing the ACIIA Principles, the ACIIA Ethics Working Group paid particular attention to IOSCO principles, EU Forum Group principles, ICIA principles, as well as a large variety of national codes of conduct, especially those of their members.

The consultation period is until 30 April 2005 — The exposure draft is available on the ACIIA website www.aciia.org.

ACIIA® Council Meeting and Annual General Meeting: 29–30 June 2005, Tenerife, Spain

The ACIIA® Council Meeting will be held on 29 June 2005 and the Annual General Meeting on 30 June, in Tenerife, Spain. On this occasion, the Spanish society will hold a seminar with panel discussions prior to the AGM inviting speakers from Asia, Europe, and South America to draw attention to the CIIA® as an internationally recognized designation.

Secretariat News

On 2 April 2005, an ASAF Executive Committee meeting was held in Bangkok, Thailand. It was decided to hold the meeting in Bangkok to help promote the activities of SAA Thailand by visiting various regulators and organizations such as SEC Thailand and The Stock Exchange of Thailand to seek their support. During the Executive Committee meeting, Dr. Lin Yixiang, President of SAAC, reported that preparations for the ASAF Conference 2005 in Beijing were progressing smoothly. He sincerely hopes that as many participants as possible from ASAF member societies will visit Beijing for the conference on 27–28 October 2005.

Prior to the Executive Committee meeting, ASAF held a seminar entitled 'World Economic Trend and its Impact on Asia' at The Stock Exchange of Thailand and sponsored by SAA Thailand. ASAF provided important speakers such as Mr. Kiyoto Hagiwara, ASAF Chairman, Mr. Mike Willis, Chair of the Advocacy Committee, Mr. Gary Cheung, Chief Executive of HKSI, and Dr. Lin Yixiang, President of SAAC. Some 300 people attended the seminar from the securities industry in Bangkok, significantly boosting the public image of SAA Thailand and ASAF itself.

Calendar 2005

2 April 2005

ASAF Interim
Executive Committee Meeting

Bangkok, Thailand

29 June 2005

ACIIA® Council Meeting

30 June 2005

ACIIA® Annual General Meeting

Tenerife, Spain

25 October 2005

ASAF Education Committee Meeting
ASAF Advocacy Committee Meeting
ASAF Communications Committee Meeting
ASAF Communications Committee
ASAF Executive Committee Meeting

26 October 2005

ASAF Annual General Meeting

27–28 October 2005

ASAF 2005 Conference

Beijing, P.R. China

Member's Regional News

Australia — SIA

SIA International Activity over 2004

The Securities Institute of Australia's International Division focused on integration and consolidation in 2004, building on foundations established in previous years. Backed by the Institute's expanded range of courses, we formed offshore relationships to better meet demands of the Asia-Pacific.

Under our Partnership Program, we remain committed to delivering education and training to

developing countries. Using in-country capacity building models, the program effectively raises standards.

The program allowed us to foster new and existing relationships with stock exchanges and securities and bank regulators to strengthen their capital market development programs. In addition, we organised study tours for developing nations to highlight the impact of the Financial Services Reform (FSR), and present Australia as a leading global financial region.

Other International milestones for 2004 include:

- Dedicated resources worked to expand our membership base across 44 countries, as well as enhance enrolments within our postgraduate programs.
- We retained ties with Asian Development Bank (ADB) and Asia Pacific Economic Cooperation (APEC) member countries by extending our contract as the Secretariat for the APEC Training Initiative.
- A strategic drive in India resulted in an alliance with one of India and Asia's largest corporations generating potential business opportunities in 2005. In addition, the Securities Institute was represented during Premier Bob Carr's inaugural visit to New Delhi and Mumbai in November.
- Our Malaysian joint venture — PNB Investment Institute — has intensified efforts to attract foreign students to its education programs.
- Following several years of participation, we completed our involvement in an Indonesian AusAID funded project. The project underpinned the development of a domestic bond market for the Indonesian Ministry of Finance.
- We continued our ties with New Zealand Stock Exchange (NZX) offering students the NZX Diploma.
- In partnership with the Fijian Capital Markets Development Authority (CMDA), we completed a successful year of administering the Securities Licensing Examination. The Institute proposes to work with the CMDA to help develop their stock market.
- We continued to build relationships with financial market regulators in Asia-Pacific,

submitting development proposals under our Partnership Program.

- Our ability to participate in donor-funded projects was strengthened in 2004, expanding our relationships with a number of donor agencies and joint venture partners.

Alliance agreement with FPA

Securities Institute of Australia is pleased to announce its appointment by the Financial Planning Association (FPA) to supply services to deliver the CFP® Certification Program. The Securities Institute was chosen as the successful alliance partner by the FPA Board of Directors as having demonstrated a long history of developing and providing innovative education solutions to the financial services industry.

The appointment recognizes the Securities Institute's educational authority, capability and reputation for delivering applied postgraduate qualifications which complement the FPA's stature as the industry standard setter and custodian of the international CFP® designation in Australia.

The Securities Institute will bring to the delivery of the CFP® Certification Program a curriculum team of editors and instructional designers led by a qualified financial planner, a course logistics team experienced in all facets of educational administration and records management, desktop publishing personnel, project management expertise, and information technology systems to manage student data and the delivery of distance education and assessment.

These significant capabilities enable the Securities Institute to support the Financial Planning Association with a seamless, end-to-end solution to the delivery of the CFP® Certification Program of study.

Jeffrey Lucy, ASIC, addresses SIA luncheon



On Friday 14 January, Mr Jeffrey Lucy AM, Chairman, ASIC, addressed an SIA South Australia/Northern Territory luncheon as guest speaker.

Mr. Lucy was appointed as Chairman of the Australian Securities and Investments Commission (ASIC) on 13 May 2004. He first joined ASIC as its Deputy Chairman on 24 February 2003 and was appointed as Acting Chairman on 22 December 2003.

Mr Lucy's career spans more than 30 years of experience in both the private and public sectors. Mr Lucy is a Chartered Accountant and was made a Member of the Order of Australia for his contribution to the accounting profession, particularly to the business sector as an adviser on corporate and taxation reform.

In addition to his role as ASIC Chairman, Mr Lucy holds the following positions: Member of the Council of Financial Regulators and Board Member of the Australian Crime Commission.

At the luncheon, Mr Lucy advised attendees that ASIC will review every set of accounts on a cyclical basis at least every four years to ensure compliance with the new international accounting standards. He outlined the program of surveillance and said failure to comply with the new accounting standards was a criminal offence.

He also said that listed Australian companies are managing the big transition to international accounting standards, despite prediction of disaster by accounting firms.

He said a review of more than 1100 listed companies found that 99 per cent had disclosed information to investors about the effect of the changes which started in January.

The new global standards are designed to make it easier to compare Australia company accounts with those overseas.

(Source: AFR, 15-16 January 2005, Report: Chris Milne)

SIA appoints two new Life members

Two new Life members were appointed at the November 2004 National Council meeting: **Alison Lansley FSIA** and **Clive Powell FSIA**. This is an honour which is only extended to those whose contribution to the Institute's aims and objects has been outstanding, and there are now a total of 15 Life members.

Alison has made an outstanding and longstanding contribution to the Institute as President of the

Victoria/Tasmania Regional Council and as a member of the National Council and related subcommittees, and by raising the Institute's profile as a responsible advocate of regulatory reform during her long tenure as Chair of the Markets Policy Group and its predecessor, the National Companies and Securities Subcommittee, and the Ethics Advisory Committee. In these roles she was instrumental in achieving significant legislative reforms, including capital gains tax rollover relief for mergers and acquisitions, and reconstitution of the Takeovers Panel as the primary forum for resolving takeover disputes. Her experience has provided insight and depth on each policy submission, in particular over the long period of updating of Australian corporations law under the CLERP program.

Alison also contributed significantly over a long period of time to the Institute's education programs as a taskforce member and lecturer and to its continuing professional development activities by chairing corporate briefings, luncheons and seminars. Her sustained contribution to the Institute's reputation as an ethical and professional membership organization has been outstanding.

Clive made an outstanding contribution to the Institute as President of both the NSW Regional Council and the National Council, and as a member of various committees including the JASSA Editorial Board and the Membership Committee and other regional committees. His roles as Chair of the ASAC 15 Program Committee and as a member of the overall Conference Steering Committee added to the Institute's reputation as a major player in financial markets in the Asian region.

Clive's service as a lecturer and marker during the 1980s were a contributing factor to the building of the Institute's reputation as an ethical and professional membership organisation with a leading role in educating the financial services community. His regular contribution to the Institute's continuing professional development activities in NSW saw him chairing various committees which organized corporate briefings, luncheons and seminars and suggesting topics for future events.

Apart from the two members, over 2004 21 members were elevated to Fellow status, and 22 elevated to Associate status nationally. We honour in particular the two Securities Institute

members who received recognition in the Australia Day honours list, January 2004: **Ross Matthew Petfield AM FSIA** and **Dr Michael Samuel Hirshorn OAM ASIA**, and in the recent Australia Day honours list, January 2005, **Donald John Mazzucchelli OAM SIA(Aff)**.

Policy update

SIA advocates enhanced domestic capital and financial market activity

Australia's financial services industry has undergone significant reform over recent years through the Corporate Law Economic Reform Program. The most recent instalment of the CLERP process, CLERP 9, was enacted in June 2004. The SIA welcomes the Government's commitment to be 'wary of rushing into new reforms before we have had the opportunity to see how the changes that we have already made work in practice'.

Compliance fatigue is concerning for financial services industry participants, who are finding it increasingly difficult to balance regulatory obligations and costs with commercial viability and profitability.

However, we believe that building on the following opportunities are central to Australia's long-term economic positioning:

1. Greater global co-operation (including through initiatives such as 'integration' with New Zealand via the CER Trade Agreement, closer economic linkages with the United States via the Aus-US Free Trade Agreement, and other mutual recognition initiatives), and
2. Enhanced domestic activity in our capital and financial markets by improving market efficiencies, removing unnecessary legal and regulatory barriers, promoting greater activity in the market for corporate control and reducing the cost of raising capital domestically.

A review of our current regulatory frameworks will be required to support these strategies. This will involve consideration of and change to financial services reform, capital raising practices, takeovers regulation, and taxation. The SIA suggests most of this can be managed within current budgetary allocations (and surpluses), with the provision of further support from relevant Government departments and regulators.

However, some important initiatives will have specific budgetary allocation implications. In a

submission to the Treasury, the SIA outlines a number of matters in retail and wholesale policy areas where we consider how Australia would benefit from longterm sustainable initiatives promoting further economic growth, stability and security.

In particular, we believe that the Government should provide adequate budgetary support for implementing its superannuation and retirement incomes policy; financial literacy and consumer education program; and anti-money laundering and national security reforms.

Furthermore, we believe that Corporations and Markets Advisory Committee (CAMAC) should conduct a review of: (i) Australia's financial and capital markets, establishing recommendations that further promote Australia's participation and position within the global marketplace, and (ii) Australia's continuous disclosure regime, supplementing existing considerations regarding 'insider trading' provisions as well as further promoting improved corporate governance practices and corporate responsibility reporting.

Similarly, we believe that the Financial Sector Advisory Committee (FSAC) should review the broad objectives of the Australian financial services industry regulatory environment, ensuring current arrangements maximise regulatory objectives and minimise compliance costs.

The SIA considers that these reviews would contribute to the efficiency and effectiveness of regulation. They would ensure necessary collaboration between regulatory authorities as well as supporting regulation that does not attract unnecessary compliance costs. It is vital that Australia exploit domestic and international opportunities to retain a strong, dynamic and growing economy for the benefit of our financial services businesses, corporate issuers, investors and consumers and the wider market.

Hong Kong — HKSI

Hong Kong Securities Institute (HKSI) appointments a new Chairman

Following the 7th AGM of the Hong Kong Securities Institute held in December 2004, Mr. Edward Pak Chung Kwan was elected at the Board Meeting as Chairman of the Institute. As HKSI Chairman Mr. Kwan brings with him over twenty years of experience in the securities

market and is currently Chief Executive Officer of HSBC Broking Services (Asia) Limited.

In addition to establishing a successful business career, Mr. Kwan has also played an important role in the development of the securities industry in Hong Kong through a variety of voluntary appointments to industry bodies and securities committees. He has been a HKSI Board member since inception in 1997 and in 2004 was appointed Chairman of the HKSI Events Committee.

HKEx Announces Measures to Further Develop its Stock Options Market

At a recent HKSI round table luncheon, Mr. Paul Chow, Chief Executive of Hong Kong Exchanges and Clearing Limited (HKEx) announced plans to further develop the derivatives market in Hong Kong. In February 2005 a list of specific actions regarding the development of this market were announced to practitioners. The most significant change relates to the introduction of continuous quotations in selected stock options classes. Two market makers, Timber Hill Securities Hong Kong and UBS Securities Hong Kong, will provide continuous quotations for not less than 30 contracts and 60 contracts in Tier 1 and Tier 2 Stock Options classes respectively.

In addition to these market developments for continuous quotations of certain stock options, the exchange also announced a 40% reduction in tariffs (from \$5 to \$3) for Tier One Stock Options Classes and also narrower strike intervals in selected stock options classes.

Second PRC Securities Regulations Examination and Preparatory Course offered to Hong Kong Practitioners

The second PRC Securities Regulations Examination will be held in Hong Kong on the 14 May 2005. Approximately 400 eligible practitioners enrolled for the first examination in March 2004.

With the support of the Growth Enterprises Training Centre (GETC) of the Shenzhen Stock Exchange, the HKSI will offer the Second PRC Securities Regulations Examination Preparatory Course on 23 and 24 April 2005 in Hong Kong.

The course is designed to help candidates prepare for the PRC Securities Regulation examination and to allow members of the public and Hong Kong practitioners to learn more about the laws and regulations of the Mainland. Senior

representatives and academia from China Securities Regulatory Commission, the Shenzhen Stock Exchange and the China University of Political, Science and Law will be invited to conduct the preparatory course.

HKSI's Licensing Examination for Securities and Futures Intermediaries (LE) to be held on 23 April 2005 in Shenzhen

The first Licensing Examination to be held in Mainland China, LE Paper 1, will take place on 23 April 2005 in Shenzhen. This opportunity has been well received by Mainland professionals with more than 200 practitioners enrolling for the examination. The Adult Education College of Shenzhen University has arranged a two-day training course to complement the examination and to assist candidates preparing to take it. The course will be held on 2 and 3 April 2005 in Shenzhen.

New Continuous Professional Development (CPD) Courses for Legal Professionals

Following accreditation by the Law Society of Hong Kong as a CPD course provider, the Institute has been providing CPD courses to assist legal practitioners to fulfill their CPD requirement. Working with experienced professionals, the Institute plans to launch a series of 3-hour and 6-hour CPD courses on 'Mainland and Hong Kong Financial Markets' from May 2005. The series will cover:

- background about the economic environment of the Mainland and Hong Kong;
- the contemporary industry environment of financial planning;
- updates on the Mainland's estate planning, taxation, insurance, retirement planning, investment environment;
- knowledge of the financial markets and various financial industries in Hong Kong;

The series aim to assist finance industry practitioners in Hong Kong to understand more about Mainland's regulatory environment, economic environment and differences in practice. Relevant cases will be used for illustration and discussion.

India – ICFAI

ICFAI School of Human Resource Development (ISHRD) launches MS (HRM) Program.

The ICFAI University has recently established the ICFAI School of Human Resource Development (ISHRD) to offer the Master of Science (HRM) program. This program has been designed for the benefit of participants seeking career opportunities in the areas of human resource management and human resource development. The focus areas of the program are: Domain knowledge and skills in HRM, Leadership, Soft skills and IT interface in HRM. The MS (HRM) program covers 23 courses spread over 2 years in 4 semesters. For further details, you may visit www.icfai.org/mset05



International Conference on Emerging Securities Market

The ICFAI University in association with Securities Exchange Board of India (SEBI) has jointly organized an International Conferences from January 10–12, 2005 at Taj Lands End, Mumbai.

The theme of the conference was **“Emerging Securities Market – Challenges and Prospects”**. The conference was inaugurated by Mr. G N Bajpai, Chairman, SEBI. Sessions were held on various topics like: Corporate Governance, Market Integrity, Investors Protection, development of securities market, regulation of Securities market. Several eminent speakers from the industry, securities market and educational institutions spoke on these sessions.



Japan — SAAJ

11th SAAJ Seminar, 20 January 2005, Tokyo:

The 11th SAAJ Seminar was successfully held with 213 participants. *M&A and Corporate Value* was the main theme and stimulating lectures were given by five speakers.

17th SAAJ-CFA Institute/CFA Society of Japan Joint Seminar, 3-4 March 2005, Tokyo:



Kiyoto Hagiwara, President and CEO of SAAJ



SAAJ has held an annual seminar in cooperation with CFA Institute (previously known as AIMR) since 1989 (since 2001 with AIMR and its member Japan Society of Investment Professionals) focusing on various investment topics. This 17th joint seminar, *New Dimensions in Alternative Investments* was held in Tokyo, 3-4 March 2005 with nine prominent practitioners and leading researchers from overseas and Japan as speakers.



(right) Charles C. Henneman, Vice President, CFA Institute
(left) Michael D. Sebastian, Principal of Ennis Knupp + Associates



James A. Gentry, Professor of University of Illinois

Alternative investments are rapidly expanding in Japan via not only hedge fund investments but also those in private equity and real estate. Investor categories are also expanding including pension funds, financial institutions, and non-financial corporations.



The seminar attracted approximately 140 participants and provided them with the latest knowledge and strategic investment skills through intensive sessions.



Thanks to promotion by ASAF member societies, we received participants from Korea, Romania, Chinese Taipei, the UK, and US.

Topics covered and speakers:

- *Theoretical Analysis of Alternative Investments*
Prof. William Fung, Centre for Hedge Fund Research and Education, London Business School / Co-CEO, PI Asset Management
- *New Dimensions in Hedge Fund Investments*
Harindra de Silva, CFA, President of Analytic Investors, Inc.
- *New Dimensions in Private Equity Investments in Japan*
Richard L. Folsom
Representative Partner of Advantage Partners, Inc./Representative Director of APM Co., Ltd.
- *New Dimensions in Real Estate Investments in Japan*
Hiroshi Ishibashi
Director of STB Research Institute Co., Ltd.

- *Incorporating Alternative Investments into Portfolios*
Michael D. Sebastian
Principal of Ennis Knupp + Associates
- *Alternative Investments for Japanese Pension Plan Sponsors — The Present and Future*
Atsushi Miyamoto
Senior Deputy General Manager of The Mitsubishi Trust and Banking Corporation.
- *Incorporating the Qualitative with the Quantitative: Due Diligence and Allocation Beyond the Numbers*
John J. Wolfe
Managing Member of Wolfehaus LLC

Planned Revisions to SAAJ-IPS Reflecting Revised GIPS

Following a period for public comment (February to July 2004), a revised version of Global Investment Performance Standards (GIPS) was released in February 2005 by the CFA Center for Financial Market Integrity. The revised standards aim at stimulating the convergence of local standards to GIPS standards. While SAAJ Investment Performance Standards (SAAJ-IPS) have contained GIPS as their core since establishment (1999), SAAJ plans to discuss their transformation to the Japanese Translation of GIPS version so as to fully converge content to the recently released revised version of GIPS. Members of the SAAJ-IPS Committee have actively participated in the development process of revisions to GIPS by the Investment Performance Council (IPC) under the CFA Center, and thus SAAJ does not see any problem in the transformation.

New Zealand — INFINZ

Advocacy — the unseen value of INFINZ?

Attentive readers of the Weekly Member Email will have seen that the legislators and regulators in New Zealand have set a hectic agenda for the Advocacy Committee during the first quarter of 2005.

The role of the Advocacy Committee is to ensure that the interests, views and opinions of the membership of INFINZ are properly stated and presented when the legislators and regulators either tinker with, or make wholesale changes to, the environment in which we work.

The Agenda for the Committee is quite broad at present. Work is being undertaken on: The omnibus Securities Legislation Bill that looks at insider trading, market manipulation, disclosure and penalties; Part II of the Review of the Financial Reporting Act 1993 that addresses how New Zealand entities should report and to whom in light of the move to IFRS; the Financial Intermediaries Task Force Initial Issues paper on a licensing regime; The proposed amendments to the Compulsory Acquisition Provisions of the Takeovers Code; The Securities Commission Practice Note on Historical Financial Information and lastly the intention by the Minister of Commerce to declare the Unlisted securities market subject to the Securities Markets Act which would take it from being an operating of a trading facility to a full blown exchange with all the costs that will entail.

Some of the work goes to the heart of the industry such as the new basis for Insider Trading, the capture of Unlisted within the Securities Market Act or indeed the possible coverage of wholesale dealers within the Investment Advisor regime.

Each of these events has some bearing on the operation of the capital markets. The benefit of having INFINZ taking up the role of your industry body is to ensure that resources will always be available to meet the required representation of the industry as and when called for.

This is not to say however that the Advocacy Committee will always have the answers or fully represent the interests of our diverse membership. The committee operates to focus the input of members and to do the work of bringing the opinions together. You are all welcome to provide the committee with your input which is why we tell you via the Weekly Email what we are working on.

We also post the out-workings of the committees endeavours on the website.

The committee is made up of board members of INFINZ with Simon Gibbs as Chairman (CTP, past CFO of Richmond Ltd and currently a principal of Loughlin Gibbs in the Hawke's Bay), Deepak Gupta (FCFIP, a past director of private equity and manager of equity portfolios in funds management, currently Head of Corporate Development at Trustees Executors), Paul Dougherty (CSAP and Partner in investment bank

Cameron & Co), Bruce MacKay (CSAP, past Head of Research, currently a director and investment banker with Saffron Capital and NZX Sponsor Esperance Capital) and Paul Hocking, Exec Dir (CSAP, director of SIAM and Esperance Capital, past property and legal manager in funds management).

There are some obvious gaps in the skill set of the committee when considered against the backdrop of the broad INFINZ membership however the committee can call upon the services of the full board and the membership when needed.

One of the messages recently picked up from an advocacy seminar held by ASAF after its recent AGM was that it can be very useful to have high profile industry members participate in the submission process to ensure the legislators and regulators can't fail but take notice of what we are saying. This is a practice Deepak Gupta, as Chairman of the Affiliations Committee that overseas ASAF and an Advocacy Committee member, and Paul Hocking will be bring to the Advocacy Committee for their consideration.

However the committee progresses, it is very pleasing to see that more and more the legislators and regulators are contacting INFINZ directly about our input to the submission process and that frequently we are being asked our opinion on matters outside the formal submission process and in advance of broader invitations. This is a clear indication that INFINZ is becoming very effective as an industry body and that we are proving ourselves useful, both of which are commendations for the INFINZ members.



Disclaimer: Not for distribution in North America. Members' regional news supplied by ASAF members and ASAF takes no responsibility for the accuracy of the articles or views expressed therein.

Published by the ASAF Secretariat,

Contact: Kazumichi Karita,

c/o 5F Tokyo Stock Exchange Building,

2-1 Nihonbashi-Kabutocho, Chuo-ku, Tokyo 103-0026, Japan

Tel: 81 3 3666 1576 Fax: 81 3 3666 5845

E-mail: asaf-manager@saa.or.jp Website: www.asaf.org.au